



RailAmerica, Inc.

John E. Giles

President and Chief Executive Officer

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August 28, 2007

Mr Richard F. Timmons
President
ASLRRRA
50 F Street NW, Suite 7020
Washington, DC 20001-1564

Dear Rich,

This letter is in response to yours of August 20, 2007, presenting a request from Mr Nottingham, Chairman of the STB, asking for particular information relating to our capabilities to accommodate potential fall and winter traffic peaking challenges

Overall, we do not have the same challenges that Class I's have across their large systems. We, at RailAmerica, operate a portfolio of 41 regional and short line railroads, spread across 26 states in the US and three provinces in Canada.

For a macro economic perspective in the current soft business environment, our carloads across all our properties are down approximately seven percent from 2006. I would welcome the opportunity to handle more traffic regardless of its source and destination. Simply stated, we have no capacity problems that we can't deal with.

Items that deserve special comment or attention are

- Intermodal: We handle virtually none.
- The Chairman's newly formed Rail Energy Transportation Advisory Committee. We've nominated David J. Rohal to serve on this committee and hope his nomination will be viewed favorably by the Board.
- Specific Service Plans: While too numerous to be meaningful, there are some relevant data points that should be helpful covering velocity. RailAmerica's aggregate velocity target is six days from receipt of a car in interchange, until it is released and interchanged back to the receiving Class I carrier. Year-to-date, we are handling that entire cycle in 6.03 days virtually on plan, which represents a material improvement from last year's velocity performance.



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- Capital Plan of 2008: It's too soon to be specific, but will likely be in the \$50-60M range
- Critical Capacity -- Related Infrastructure Needs Like most short-lines and regionals, greater attention must and will be directed at better assessing and maintaining our bridges at RailAmerica. Historically, we have managed this function with contractors and outside advice. Going forward, we intend to have that expertise and skill set in house and will have such talent resident in the next 45 days.

In summary, we at RailAmerica are mindful of the Chairman's interest and concerns, and we are working to anticipate all such problem in this area.

Regards,

John E. Giles
President and Chief Executive Officer

c: Dave J Rohal
Paul A Lundberg
Scott G. Williams